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IN THE

# Supreme Court of the United States.

OCTOBER TERM, 1948.

No. 483.

DIXIE CUP COMPANY,

*Petitioner,*

*v.*

PAPER CONTAINER MFG. COMPANY,

*Respondent.*

## PETITION FOR REHEARING OF ORDER ON PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE THIRD CIRCUIT.

*To the Honorable, the Chief Justice and Associate Justices of the Supreme Court of the United States:*

This Petition for Rehearing is brought under the provisions of Rule 33, paragraph 2, of the rules of this Court. Reference is made to the original petition for writ of certiorari and the brief in support of the same. This petition is brought on other substantial grounds available to petitioner but not previously presented.

It is believed that this Honorable Court did not, in its denial of the original petition, fully appreciate the fact that the Court of Appeals, because of its misinterpretation of both the assignment and the Statute, R. S. 4915, *exceeded its power* in instructing the District Court to add RFC as an indispensable party plaintiff after the expiration of the six months statutory period. The Court of Appeals has no power to thus extend the jurisdictional limits of the Statute.

Here, as fully set forth in petitioner's brief, the Court of Appeals not only misinterpreted but directly contravened the decision of this Court in *Waterman v. Mackenzie,* 138 U. S. 252. Yet this Court in *Altvater v. Free-*

*man,* 319 U. S. 359, granted certiorari on the ground, p. 363:

> "• • • The case is here on a petition for writ of certiorari which we granted because of the apparent misinterpretation by the Circuit Court of Appeals of our decision in *Electrical Fittings Corp. v. Thomas & Betts Co.,* 307 U. S. 241."

The decision of the Court of Appeals for the Third Circuit is so far at variance with both the established law and judicial procedure of this Court, other Courts of Appeals and with the intent of Congress in creating R. S. 4915, that it has occurred to petitioner the Court of Appeals may have placed undue weight on the fact that RFC is a Government agency, rather than an individual. If that was actually the case the Court of Appeals again erred and contravened the decision of this Court in *United States v. American Bell Telephone Company,* 167 U. S. 224, wherein the following appears on pages 267-268:

> "Section 4915, Rev. Stat., authorizes a suit in equity on behalf of an applicant for a patent whose application has been refused. Morgan v. Daniels, 153 U. S. 120, presented a controversy under that section, and in the opinion, on page 124, we said: 'It is a controversy between two individuals over a question of fact which has once been settled by a special tribunal, entrusted with full power in the premises. As such it might be well argued, were it not for the terms of this statute, that the decision of the Patent Office was a finality upon every matter of fact.'
>
> It is true that all these sections refer to proceedings between individuals, but the Government is as much bound by the laws of Congress as an individual, and when Congress has created a tribunal to which it has given exclusive determination in the first instance of certain questions of fact and has specifically provided under what circumstances that determination

> may be reviewed by the courts, the argument is a forcible one that such determination should be held conclusive upon the Government, subject to the same limitations as apply in suits between individuals."

Not taking cognizance of the fact that a patent right is purely a child of statute, and no common law rights ever existed concerning a patent, the Court of Appeals held Paper Container could file an action under R. S. 4915 in its name alone by virtue of its agreement with RFC (R. 51). That is fallacious reasoning. In *Green v. Le Clair,* (C. C. A. 7th) 24 F. (2d) 74, the Court stated, page 77:

> "It is not perceived how a contract between the parties that they shall together consider the bringing of suit against infringers, and, if they are unable to agree, either may proceed at his own expense, could alter the effect of what is otherwise an absolute assignment."

And a good statement of the law on this point occurs in *De Forest v. Collins Wireless Telephone Co.,* 174 Fed. 821 on 823:

> "But the right to sue on a patent is not a matter of contract. A patent right is the creature of the federal law, and no rights can be acquired in it unless authorized by statute, and in the manner the statute prescribes. Gayler v. Wilder and Waterman v. Mackenzie, supra."

With that thought in mind, we come to the main and real ground of this petition.

**The Court of Appeals Had NO POWER to Instruct the District Court to Add RFC as a Party Plaintiff After the Expiration of the Six Months Period of the Statute.**

In holding that RFC, an adjudicated indispensable party plaintiff, can now be joined, the Court of Appeals considered the six month provision of R. S. 4915 in the

manner of an ordinary statute of limitations, primarily for the benefit of a defendant, and of the character wherein the running of the statute is tolled by the mere filing of a complaint, and new parties plaintiff or even substitute plaintiffs may be brought in any time thereafter. Such a statute is procedural.

But there are substantive statutes of limitation. Where a statute creates a right and prescribes the time in which action may be brought thereon, it may be so drawn that the time limit is an integral part of the right and the right is extinguished at the expiration of the prescribed time limit. Such is R. S. 4915.

R. S. 4915 provides a remedy by bill in equity, if filed within six months from the decision on an interference.

In considering a substantive statute of this character in *The Harrisburg,* 119 U. S. 199, this Court held on page 214:

> "Time has been made of the essence of the right, and the right is lost if the time is disregarded. The liability and the remedy are created by the same statutes, and the limitations of the remedy are, therefore, to be treated as limitations of the right."

Even fraud on the part of a defendant will not toll a statute of this kind. The Court of Appeals for the Second Circuit so held in *Pollen, et al. v. Ford Instrument Co., Inc.,* 108 F. (2d) 762, on page 763, relying on *The Harrisburg, supra,* as follows:

> "It is a condition on the right, not on the remedy, and it is not subject to the disabilities or excuses by which ordinary statutes of limitation may be avoided by a plaintiff. Peters v. Hanger, 4 Cir., 134 F. 586. Where the time for commencing action is prescribed in the statute which creates the liability and gives the right of action, the time is not extended by reason of fraud or concealment which might work an extension of ordinary statutes of limitation. Bell v. Wabash R. Co.,

8 Cir., 58 F. 2d 569; Bartlett v. Manor, 146 Ind. 621, 45 N. E. 1060; Bement v. Grand Rapids & I. R. Co., 194 Mich. 64, 160 N. W. 424, L. R. A. 1917E, 322; Desmarais v. People's Gas Light Co., 79 N. H. 195, 107 A. 491; Kerley v. Hoehman, 74 Okl. 299, 183 P. 980, 8 A. L. R. 141. The distinction between ordinary statutes of limitation and statutes extinguishing the right of action, whether a logical distinction or not, is thoroughly settled. See The Harrisburg, 119 U. S. 199, 214, 7 S. Ct. 140, 30 L. Ed. 358."

And so in the Seventh Circuit, where the Court of Appeals held as follows in *United States ex rel. Nitkey v. Dawes, et al.*, 151 F. (2d) 639 on 644:

"We are unable to concede the correctness of the broad rule urged by plaintiff with respect to the accrual of actions and the tolling of the ordinary statutes of limitations, nor is it necessary to discuss it. We are not confronted with such a statute. We are dealing with a special statute relative only to qui tam actions, and it carries its own jurisdictional requirement that action be brought within six years. The language is plain and unambiguous and we think it should be strictly construed. It is not to be tolled or extended on account of fraud (see Pollen v. Ford Instrument Co., 2 Cir., 108 F. 2d 762; Bell v. Wabash R. Co., 8 Cir., 58 F. 2d 569), for it involves jurisdiction of the subject matter, and that cannot be acquired even by consent, in opposition to the statute."

RFC was not a party to this action within six months of the decision on the interference. RFC is the **assignee of record** of the Hulseman application. RFC is an **admitted owner** of the Hulseman application.

Only the real party in interest can sue in equity. The real party in interest is one who, by the substantive law, has

the right sought to be enforced. RFC and RFC alone **had** that right and **was** that party within the six months. But the statutory limitation has run. The **right** is extinguished. **RFC has no longer any right of recovery.** How, then, can it be joined in this action as an indispensable party, and the action be permitted to continue?

The law is well settled and admitted by the Court of Appeals (R. 56) that an indispensable party defendant cannot be joined after the six month period and the bill must be dismissed. Where a substantive statute is involved the same is true with an indispensable party plaintiff. This was analyzed nicely by Judge Learned Hand in *Garfield, et al. v. Western Electric Co., Inc., et al.*, 298 Fed. 659 on page 661:

> "Becker v. General Chain Co. (C. C. A. 1), 273 Fed. 419, followed Gay v. Cornell, supra, in a suit under section 4915. That was a bill by the assignee alone, without joining the inventor until after a year had passed. If he was a necessary party, this was too late, because, as I have said, the suit is a continuation of the proceedings to obtain a patent. It was held that the 'applicant' of section 4915 was the party in interest, and the only party in interest was the assignee."

In deciding that RFC should now be joined long after the expiration of the six month period, the Court of Appeals did not declare the law, but endeavored to make it. That procedure was expressly condemned by this Court in *The Harrisburg*, on page 214 of 119 U. S.

Petitioner also wishes to invite this Court's attention to its decision in *Crown Die & Tool Company v. Nye Tool & Machine Works*, 261 U. S. 24, wherein on pages 40 and 41, this Court held the plaintiff in an action on a patent must be the legal title holder, and condemned the practice of following the common law as to transfer of rights of a chose in action, relying on *Waterman v. Mackenzie, supra*, and

*Gayler v. Wilder*, 10 How. 477. Here again, this Court has already determined that Paper Container, RFC's assignor, had no right to institute this action in its own name alone. But the Court of Appeals held to the contrary.

Here we have the terribly anomalous situation of a party being forced at the whim of a Court of Appeals to **defend a suit filed by one having no right to sue and where no cause of action any longer exists.**

**THAT IS OF VITAL IMPORTANCE TO THE PUBLIC INTEREST.**

If an assignor of a patent right can sue in his own name for one reason, he can do likewise for another reason. If he can sue in his own name for the grant of a patent, he can sue in his own name for infringement of a patent which he has assigned or on which he has granted an exclusive license. An untold multiplicity of suits by planitiffs heretofore having no right to sue and who, while suing, have no right to recovery, would follow. Confusion of the worst order would result.

And the law established by this Court and in every other Circuit is directly to the contrary.

Obviously, this case involves principles the settlement of which is of importance to the public as distinguished from that of the parties, and there is a real and embarrassing conflict of opinion and authority between Courts of Appeals of different Circuits.

Both are here present, and either has long been held to be a clear ground for granting the writ of certiorari.

In its decision, the Court of Appeals for the Third Circuit, not only by its implications but by its precise holdings, has flaunted the decisions of other Courts of Appeal, and deliberately contravened the law as declared by this Court.

Under the circumstances here existing, it is respectfully submitted that this Court, as a guardian of the public interests, cannot afford to deny certiorari.

Counsel for petitioner hereby certify that this petition is presented in good faith and not for delay, and said Counsel also certify that this petition is restricted to other substantial grounds available to petitioner although not previously presented.

Respectfully submitted,

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Dated at Chicago, Illinois, February 21, 1949.